



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: January 3, 2007 REPORT NO. 07-012

ATTENTION: Council President and City Council Council  
Docket of January 9, 2007

SUBJECT: Selection of Wireless Telephone and Wireless Data Services and  
Equipment Providers

REQUESTED ACTIONS:

1. Authorize the Mayor enter into an agreement for wireless telephone and wireless data services and equipment with Verizon Wireless.
2. Authorize the Mayor enter into an agreement for wireless telephone and wireless data services and equipment with Sprint Nextel Corporation.
3. Authorize the Mayor enter into an agreement for wireless data service with Cingular Wireless LLC?

STAFF RECOMMENDATIONS:

1. Authorize the execution of a requirements contract with Verizon Wireless to provide wireless telephone and wireless data services and equipment for an initial period of two years with three one-year renewal options.
2. Authorize the execution of a requirements contract with Sprint Nextel Corporation to provide wireless telephone and wireless data services and equipment for an initial period of two years with three one-year renewal options.
3. Authorize the execution of a requirements contract with New Cingular Wireless National Accounts, LLC to provide wireless data services and equipment for an initial period of two years with three one-year renewal options.

SUMMARY:

Background

On March 1, 2005 the City issued a Request for Proposal and Marketing Partnership (RFP) for Wireless Communications Goods and Services. The scope of services requested in this RFP included commercial wireless telephone service, wireless data service and related equipment for both types of services. Four responses were received by the May 13, 2005 deadline. The wireless providers that submitted proposals were Cingular Wireless LLC, Nextel Communications, Sprint, and Verizon Wireless. During the period of this RFP process, Nextel Communications and Sprint merged into one company named Sprint Nextel Corporation (SNC). The responses were reviewed and analyzed by staff to determine whether the proposals met the requirements for cellular/PCS and data equipment and services outlined in the RFP. All four

responses met these requirements and it was determined that all four proposers could provide the City with the necessary level of wireless telephone and data service and equipment.

#### Discussion

The City of San Diego has approximately 2,600 active lines of wireless telephone service (2200 with Verizon Wireless and 400 with SNC). Verizon Wireless is currently the City's "Official Wireless Partner" as designated through the Marketing Partnership Agreement and in 2000 was awarded the contract for the majority of the City's wireless telephone service. The remaining wireless telephone services acquired through SNC are a result of the City's business need to utilize iDen technology, including the Direct Connect function.

The City also has business needs for multiple technologies for wireless data service and equipment to meet the wireless data requirements being utilized by City departments include Police, Fire Rescue, Environmental Services, Water, MWW and other City users. There are approximately 1800 wireless data services contracted from Verizon Wireless, Sprint Corporation and Cingular Wireless LLC.

Over the past five years, the use of wireless telephone and wireless data services have increased as the technology has improved and the City has been able to utilize these technologies to improve efficiency and accountability of staff. Since we are continuing to see technical improvements and rapid advancements in wireless technology, it is highly desirable that the City enter into a two year commitment for service at this time, with renewal options if it is determined in the City's best interests to continue beyond the initial two year commitment. This will allow flexibility to the City as improvements and enhancements to wireless services and equipment enter the marketplace and our needs for technology change and grow.

To clarify each proposal, meetings were held with all four respondents and they were requested to provide their best pricing proposal and service plans during the meetings. Particular attention was placed on the telephone equipment and service component, since the City has a need for, and is utilizing data equipment and services from all of the proposers. Staff analyzed the four proposals to determine which one best meets the City's needs based upon current telephone usage and anticipated growth of use and selected the service plan for each proposer that was the most cost effective proposal for the City based upon these criteria.

Staff's analysis determined that the proposal submitted by Verizon Wireless is the most cost effective proposal for the purchase of wireless telephones and service. As part of the first two-year agreement, Verizon Wireless will replace current cellular telephones and standard accessories at no cost for equipment (taxes are required to be paid by the City of San Diego). Additionally, staff recommends that contracts be awarded to SNC and Cingular to satisfy the business needs of the City for the services currently provided by these companies.

In addition to providing the City high quality, cost effective wireless services and equipment, Verizon Wireless has committed to work with staff as a technology partner and will provide the following under the terms of the Contract:

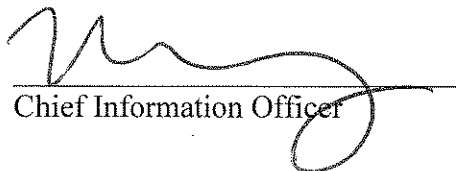
- Share Technology - Verizon Wireless will schedule regular technology updates with the City to discuss various changes within the wireless industry, new technology being developed, time frames when they will become available and impacts these technologies will have on the City. These updates will focus on testing and evaluation strategies, budgeting information and implementation strategies.
- Train Technical Staff - Verizon Wireless will provide ongoing training for City technical staff. General technology sessions will provide a broad-base level training for employees. Detailed training will be provided for new products. This training will include operational and support issues and various troubleshooting strategies.
- Test New Products - The City will be included in Verizon Wireless's evaluation process of new services and devices. Testing methods and time periods will be discussed and agreed to, based upon the specific product and the expected needs of the City.

#### FISCAL CONSIDERATIONS:

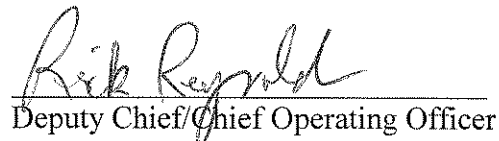
These are requirements contracts with specified rates for wireless telephone and wireless data services and equipment. Based upon rates proposed and projected City usage of wireless telephone and wireless data services, the estimated fiscal impact to the City of San Diego for a two year period is approximately \$4,000,000. These costs are comparable to what the City is currently paying, and budgeted for this equipment and services.

#### KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The City's RFP asked proposers if they were interesting in entering into a marketing partnership with the City of San Diego. Each of the four proposers indicated an interest in pursuing partnership discussions. Discussion of the marketing partnership opportunities and the service/equipment delivery opportunities were held separately, but concurrently. The City's Director of Development and The Pathfinder Group, the City's consultant to the Corporate Sponsorship Program, worked solely on negotiating the marketing partnership. Concurrently, the Office of the CIO negotiated the equipment and services agreements. A proposed Marketing Partnership Agreement with Verizon Wireless is being docketed for Council approval as a separate companion item and is described in a companion Mayor's Report. If adopted by the Council, under the Marketing Partnership Agreement, Verizon Wireless will pay the City \$250,000 per year for each year that Verizon Wireless has the wireless telephone contract.



Chief Information Officer



Deputy Chief/Chief Operating Officer